CT Docs
Ec55
coen
Item 20A

Conn. Documents
CONN. COLLEGE LIBRARY
MAR 30 '88
NEW LONDON, CONN.

CONNECTICUT ENTERPRISE ZONE STUDY:
Findings and Recommendations

An Inter-departmental review of coordination of Enterprise Zone activities and resources

State of Connecticut
Governor's Development Cabinet
February 27, 1987

#16864595

STATE OF CONNECTICUT
DEPARTMENT OF ECONOMIC DEVELOPMENT

CELEBRATE CONNECTICUT 350 YEARS 1985&1986

JOHN J. CARSON
Commissioner

PETER F. BURNS
Deputy Commissioner

TO: Governor William A. O'Neill
and The General Assembly

FROM: Secretary Anthony V. Milano, O.P.M.
Commissioner John J. Carson, Economic Development
Commissioner Gerald N. Tirozzi, Education
Commissioner Joseph E. Canale, Housing
Commissioner Stephen B. Heintz, Income Maintenance
Commissioner P. Joseph Peraro, Labor
Commissioner John J. Groppo, Revenue Services

Re: The Connecticut Enterprise Zone Study

We are pleased to submit this report entitled "The Connecticut Enterprise Zone Study": Findings and Recommendations", as mandated by Public Act 86-258, Sec. 6.

The content of this report demonstrates thoughtful interdepartmental effort to build upon the success of Connecticut's Enterprise Zone Program, to suggest improvements wherever necessary, to guide its growth, and to maximize its productivity.

We appreciate this opportunity to share with you the findings and recommendations herein contained.

210 WASHINGTON STREET HARTFORD, CONN. 06106
Economic Equality by Employment
An Equal Opportunity Employer

CONNECTICUT ENTERPRISE ZONE STUDY:

Findings and Recommendations

An inter-departmental review
of coordination of Enterprise Zone
activities and resources

State of Connecticut
Governor's Development
Cabinet

February 25, 1987

INTRODUCTION:

Public Act 86-258, Sec. 6 mandates the Commissioners of the Departments of Economic Development, Labor, Education, Income Maintenance, Housing and Revenue Services and the Secretary of the Office of Policy and Management, or their designees, to jointly review and study all State programs which are significantly related to the activities and resources of the [Urban] Enterprise Zone Program established under Chapter 585 of the General Statutes, as amended.

Moreover, said Commissioners and Secretary are required to submit a report to the Governor and General Assembly on or before March 1, 1987. The report shall include, but not be limited to, findings and recommendations concerning: 1) "the coordination of housing and neighborhood assistance programs with Enterprise Zone activities; and 2) the utilization of the Department of Income Maintenance Grant Diversion Program to provide Enterprise Zone residents who are unemployed or are general assistance recipients with pre-employment, work-related benefits and supervised, subsidized employment in the private sector".

An inter-departmental Enterprise Zone Study and Review Committee, coordinated by Lieutenant Governor Joseph Fauliso's Office and consisting of representatives from several State agencies, was formed in 1986. Meetings of this Committee were held to discuss issues related to the Enterprise Zone Program and the experiences, research and recommendations of the various State agencies.

This report presents the findings and recommendations of the Committee with regards to significant relationships between the activities and resources of the Enterprise Zone Program and other State programs.

BACKGROUND:

When the Connecticut Urban Enterprise Zone Program was implemented in 1982, it was viewed as an experiment with two primary purposes: 1) to channel investment to particularly distressed inner-city core neighborhoods; and 2) to encourage some of that investment, lured by State and local benefits, to directly create jobs for inner-city (Zone) residents.

It was the expectation that such a program would help to stimulate the local enterprise, ingenuity and resourcefulness of residents and businesses in helping to reverse the tide of physical and socio-economic decline in some of the State's most distressed urban neighborhoods.

Through the end of June, 1986, results of Enterprise Zone activity suggest to the Department of Economic Development that the Zones have had a positive impact on urban blight and have brought new incentives to our central cities. A total of 627 projects, involving over $148 million in investments, have been undertaken in the six Zones. These include 507 projects involving the renovation of existing buildings and 120 representing new construction. Project values ranged from $20 million to under $1,000. This level of investment has resulted in the creation of 4,861 jobs and the retention of 4,560 others. When compared to Enterprise Zone activity through September, 1985, these figures represent an increase of $13 million invested in an additional 174 projects, creating 537 jobs and retaining 341 others since then.

In addition, the Enterprise Zone low-interest loan program continues to be well utilized. Eleven borrowers have received $675,980 in loans, resulting in $1,707,708 of

additional funds being leveraged. These loans have directly resulted in the creation of 57 jobs and the retention of 44 others. Almost fifty percent of that activity has occurred within the last year and a half.

Since Connecticut was the first State in the nation to implement such an innovative program, it was incumbent upon us to maintain a keen eye on its progress. Over the last four years, several amendments in the Enterprise Zone legislation have addressed not only the shortcomings, but additional opportunities which experience has produced. The process has resulted in both an expansion of the program and the identification of areas which need to be addressed further.

FINDINGS AND RECOMMENDATIONS:

The major thrust of the program so far has been in uplifting the declining manufacturing, industrial and commercial sectors of the severely distressed urban neighborhoods. The level of job- and investment-generating activity has evolved to the point where the program can now expand its focus on housing and human service needs of these areas. The production and availability of affordable housing is a major statewide issue which has been established by Governor O'Neill as a priority for State action. This provides an enormous opportunity for the State Department of Housing and municipal and community service agencies to direct further attention to the housing needs of urban neighborhoods, where the lack of available and affordable housing units is particularly acute.

The Enterprise Zone Program's limited tax incentives for residential investment have proven effective and now set the stage for further initiatives through the combined efforts of the departments of Housing and Economic

Development and the Connecticut Housing Finance Authority (CHFA). Possible Enterprise Zone strategies relating to the Department of Housing or CHFA are:

1) Consider changing in the future the term for deferral of increased taxes on residential property improvements in the Zones from 7 years to 11 years;

2) Provide preferential treatment for developers of affordable housing in approved Zones through the Low-income Tax Credit Program;

3) Develop a State-administered Rental Rehabilitation Program for use in the Zones;

4) Increase the State's Neighborhood Rehabilitation funding ratio from 1/3 to 2/3;

5) Allocate State Rental Assistance certificates to income-eligible tenants in approved Zones;

6) Provide for a more active role by the Department of Economic Development, local Zone Managers, and Chambers of Commerce and the Department of Housing in marketing the benefits of residential development in Enterprise Zones.

We would recommend that these housing issues be further addressed at subsequent meetings of this committee.

In order to stimulate the local enterprise, ingenuity and resourcefulness of Zone residents in the development of their neighborhoods, we need to adequately address their other human service needs, in addition to housing. Included among these are the need for basic education, skills training, transportation, child care, health services, employment preparation and support services, and permanent, rewarding jobs.

The Supported-Work/Grant Diversion Program is currently being piloted in the Bridgeport Enterprise Zone by the Department of Income Maintenance. This three-year program, which began in February, 1986, is aimed at removing recipients from the Aid to Families with Dependent Children (AFDC) through productive job training and counseling leading to full employment secured through a contracting agency, which in Bridgeport, has been the local Private Industry Council. This program not only targets Zone residents for employment, but also seeks to assist companies expanding or locating in the Zone to fill entry-level positions. By the end of Fiscal Year '87 (its first year of operation) the Bridgeport program will place 72 former AFDC recipients in subsidized positions that could lead to full-time employment after four months. Since this program has yet to complete the final stage (permanent jobs) of its first year, it would be premature to judge its effectiveness. It is important to note, however, that the program's future success depends upon continued funding for its activities. The program is currently funded for one year, while its contract term is for three years.

While the Supported-Work/Grant Diversion Program is a beginning, there is the possibility of even greater strides in addressing the human service needs of Zone residents. The Bridgeport Initiative - one of the first attempts to implement one of the recommendations of the Commission on Jobs for Connecticut's Future* - is seeking to coalesce various elements at the State, local and community levels to address the residents' needs for education, housing, skills

---

* Jobs for Connecticut's Future is an intensive research and action project designed to test a model for involving a state-level, public/private sector partnership to address the challenge of appropriate education and job training for the future. The completed two-year research and analysis phase examined the content and capacity of public and private sector education and training systems, and documented the changes, risks and opportunities inherent in Connecticut's economic and demographic future.

training, various community services and jobs. Greater coordination and collaboration between the Departments of Education, Housing, Human Resources, Revenue Services and the Department on Aging will enhance each agency's ability to bring resources and expertise to the common goal of improving the quality of life in the Enterprise Zones. In particular, the Neighborhood Assistance Program (Department of Revenue Services) could consider targeting and encouraging Zone businesses through appropriate legislation to create tax credits to sponsor certain approved non-profit organizations, especially those that can provide much needed community services such as child care, health services, transportation and adult basic education.

In addition, coordination of the State's Older Worker Programs between the Department of Economic Development and the Department on Aging could take into consideration: 1) a non-financial memorandum of understanding between the Department of Economic Development and the Department on Aging to provide outreach, assessment and placement services for Zone businesses; and 2) providing additional Job Training Partnership Act (JTPA) 3% innovative funds in one or two designated Zones to be used by Zone businesses for pre-employment training. Such coordination, which can be administratively implemented, can be expected to provide a) a pool of JTPA-eligible Zone employees; b) a mature, experienced labor force; and c) employment opportunities for low-income older Zone residents. Moreover, it is hoped that subsequent committee meetings will further pursue these recommendations.

The Departments of Labor, Education, and Transportation also have critical roles in the efforts of Connecticut to tailor the opportunities in the Enterprise Zone concept to

the needs of urban neighborhood residents.

The Department of Labor is currently involved in the following areas: a) vouchering of residents of the Enterprise Zone or residents of the municipality; b) referral of clients in response to the employers' job orders; c) implementation of Job Training programs; d) Federal Targeted Jobs Tax credit certification. The Department of Education's role in providing skills training and adult basic education for Zone residents can be further enhanced through the provision of transportation and child care services. These services will greatly assist the Department of Education in fulfilling its role and in successfully completing a participant's transition from education to jobs. The Department of Education's current budget proposal seeks funding for these additional services. The Department of Transportation provides services in each of the State's Enterprise Zones through the Bureau of Public Transportation. Since adequate transportation is a critical medium for fulfilling a need of Zone businesses and employees, it is important that the Departments of Transportation and Economic Development, together with local transit systems and program operators, continue to explore possible improvements in public transportation services in the Enterprise Zones.

The Enterprise Zone Program provides an ideal backdrop for a combined State agency network designed to bring a myriad of State resources to bear on a broad cross-section of urban problems. At the same time, the process is a clear example of the State's commitment to urban policies. The most manageable method for effecting such a unified approach is the creation of a mechanism to ease the combining of resources and strategies.

The interdepartmental Study and Review Committee recommends that the Connecticut Department of Economic

Development be designated as the lead agency charged with coordinating the activities of this group as we continue to pursue the issues addressed in this report. The committee perceives this process to include regularly scheduled discussions that will stimulate and encourage the active participation of other State agencies as well as a designated Enterprise Zone representative. The Zone managers, in turn, will be expected to emphasize the significant role of their respective Chambers of Commerce in order to secure the Chambers' involvement in this process at the local level.

Connecticut's Urban Enterprise Zone Program has been a visionary, innovative, and creative approach to the special economic problems of our inner-city core neighborhoods. It has been crafted carefully and refined methodically so as to never lose sight of its intended mission -- improving the quality of life conditions in our urban centers. A strong State agency partnership in connection with the program will be an important ingredient in the State's ability to remain a national leader as it adds four new Zones during the Spring of 1987 and as it broadens the types of businesses and jobs targeted for the Zones.

* * *

GOVERNOR'S OFFICE

For Further Information:

Larrye deBear 566-4840
667-8171 (H)

FOR RELEASE

A-M SATURDAY
DECEMBER 7, 1985

GOVERNOR O'NEILL PROPOSES EXPANSION OF STATE ENTERPRISE ZONE PROGRAM

Governor Bill O'Neill is proposing sweeping revisions in Connecticut's first-in-the-nation Urban Enterprise Zone program. Included among the recommendations are the addition of three new zones and provisions to expand opportunities for smaller entrepreneurial and service firms to take advantage of financial and tax incentives offered through the Enterprise Zone program.

"Connecticut's landmark Urban Enterprise Zone program has proven itself to be a most effective tool in our strategy to help revitalize urban neighborhoods," Governor O'Neill said. "Since it went into operation in 1982, the program has helped to generate more than $135 million in new investments in core city neighborhoods which, traditionally, had been avoided by the private sector. These investments have helped to create 4,300 new jobs and maintain another 4,200 jobs through a variety of projects. These include 67 industrial, 220 commercial and retail, 144 residential, and 22 mixed-use developments.

"Based on this excellent record, I am convinced that it is now time to refine what has been an experimental program, and to make it even more responsive to the needs of our urban residents who want jobs, and of the private sector which provides those jobs," Governor O'Neill said.

The Governor's proposed revisions are contained in a 40-page report which was prepared for the General Assembly by the state Department of Economic Development.

Governor O'Neill said he will ask the 1986 Legislature to:

*** Increase the number of allowable Enterprise Zones from the current six to not more than nine, provided that the new zones are in communities which are designated as "targeted investment areas" and which do not already have a zone;

*** Allow two of the existing six zones to expand their borders;

*** Revise the state's Urban Jobs manufacturing tax abatement program so that smaller firms will be allowed to enter into shorter leases than those required in non-Enterprise Zone areas;

-- more --

*** Revise the Urban Jobs program so that smaller manufacturers, including start-up companies, will be permitted to locate in facilities which have been idle for shorter periods than those allowed in non-Enterprise Zone areas;

*** Revise the tax abatement program so that the state can offer tax abatements, which are normally reserved for manufacturing companies, to selected service firms in Enterprise Zones, to stimulate the growth of these service firms in urban neighborhoods;

*** Revise the state's Job Incentive Grant program for manufacturers so that smaller firms will be permitted to create fewer jobs than normally required to be eligible for these grants, and so that the grants would be increased from $1,000 to $1,500 for each new job created; and

*** Direct the Governor's Development Cabinet to review, and report by March 1, 1987, on additional state efforts to improve the Enterprise Zone program in areas such as housing and neighborhood assistance, coordination of job training programs, and utilization of state social service programs to leverage private sector involvement.

The six existing Enterprise Zones are located in Hartford, Bridgeport, New Haven, New Britain, New London and Norwalk.

"Our experience with these zones shows that the concept does work, that it does help to revitalize urban neighborhoods," Governor O'Neill said. "I will urge the General Assembly to take immediate action, rather than waiting for the administration and the Congress in Washington to resolve their differences over proposed federal Enterprise Zone legislation. We in Connecticut have pioneered this program, and I believe we should extend our leadership position in this area in the months ahead."

-- 30 --

CONNECTICUT ENTERPRISE ZONE PROGRAM

1986 Amendments to Relevant Statutes

Substitute House Bill No. 5769

PUBLIC ACT NO. 86-258

AN ACT CONCERNING THE ENTERPRISE ZONE PROGRAM AND THE AUTHORITY OF THE COMMISSIONER OF ECONOMIC DEVELOPMENT IN CONNECTION WITH THE PROMOTION AND DEVELOPMENT OF INDUSTRY AND BUSINESS IN THE STATE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 32-70 of the general statutes is repealed and the following is substituted in lieu thereof:

(a) Any municipality THAT WAS A DISTRESSED MUNICIPALITY UNDER THE PROVISIONS OF SUBSECTION (b) OF SECTION 32-9p, AS AMENDED BY SECTION 1 OF PUBLIC ACT 85-578 AND SECTION 2 OF THIS ACT, ON FEBRUARY 1, 1986, may, with the approval of the commissioner of economic development, designate an area of such municipality as an enterprise zone. Any such area shall consist of one or two contiguous United States census tracts, contiguous portions of such census tracts or a portion of an individual census tract, as determined in accordance with the most recent United States censes and, if such area is covered by zoning, a portion of it shall be zoned to allow commercial or industrial activity. The census tracts within which such designated area is located shall also meet at least one of the following criteria: (1) Twenty-five per cent or more of the persons within the individual census tracts shall have income below the poverty level, as determined by the most recent United States census; (2) twenty-five per cent or more of the families within the individual census tracts shall receive public assistance or welfare income, as determined by the most recent United States census; or (3) the unemployment rate of the individual census tracts shall be at least two hundred per cent of the state's average, as determined by the most recent United States census. If a census tract qualifies under the eligibility criteria for designation as an enterprise zone and if the commissioner determines that a census tract which is contiguous to such tract has significant job creation potential, the commissioner may include such contiguous census tract, or a portion thereof, in the enterprise zone in lieu of a second qualified census tract if such contiguous census tract meets at least one of the following reduced criteria: (1) Fifteen per cent or more of the persons within the census tract shall have income below the poverty level,

as determined by the most recent United States census; (2) fifteen per cent or more of the families within the census tract shall receive public assistance or welfare income, as determined by the most recent United States census; or (3) the unemployment rate of the census tract shall be at least one hundred fifty per cent of the state's average, as determined by the most recent United States census. If a census tract boundary line is the center line of a street, the commissioner may include within the enterprise zone that portion of the property fronting on such street which is outside of but adjacent to the census tract. The depth of such property so included in the enterprise zone shall be determined by the commissioner at the time of the designation of the zone. If a census tract boundary line is located along a railroad right-of-way, railroad property or natural stream of water, the commissioner may include within the enterprise zone any private properties under common ownership which are traversed by the railroad right-of-way, railroad property or natural stream of water. Any private properties so affected shall be included in the enterprise zone at the time of the designation of the zone except, in the case of an enterprise zone designated prior to October 1, 1983, the commissioner may include within the zone any such property if the municipality in which the zone is located requests the commissioner to include such property not later than sixty days after October 1, 1983. If more than fifty per cent of the project area of a development project under chapter 132 is located in an area eligible for designation as an enterprise zone and the project plan for such development project is approved by the commissioner of economic development in accordance with section 8-191, the commissioner may include the entire project area of such development project area in an enterprise zone. If more than fifty per cent of an approved redevelopment area under chapter 130 is located in an area eligible for designation as an enterprise zone, the commissioner may include the entire redevelopment area in an enterprise zone. THE COMMISSIONER MAY ALSO INCLUDE IN THE AREA DESIGNATED AS AN ENTERPRISE ZONE ANY FACILITY, AS DEFINED IN SECTION 32-9p, AS AMENDED, WHICH IS LOCATED OUTSIDE OF BUT CONTIGUOUS TO A CENSUS TRACT INCLUDED IN THE ZONE. The commissioner may, at any time after the designation of an area as an

enterprise zone, include in such zone any area contiguous to such zone which, at the time of the designation of such zone, was eligible to be included in such zone but was not so included. If the commissioner determines that the necessary data is not available from the most recent United States census, he may use such data as he deems appropriate.

(b) NOTWITHSTANDING ANY PROVISION OF THIS SECTION TO THE CONTRARY, (1) TWO OF THE SIX MUNICIPALITIES WHICH HAVE AN ENTERPRISE ZONE, DESIGNATED AND APPROVED PRIOR TO NOVEMBER 1, 1985, MAY, WITH THE APPROVAL OF THE COMMISSIONER, EXPAND SUCH ENTERPRISE ZONE BY DESIGNATING FOR INCLUSION IN SUCH ZONE ONE OR TWO ADDITIONAL CENSUS TRACTS OR CONTIGUOUS PORTIONS OF SUCH CENSUS TRACT OR TRACTS, PROVIDED SUCH CENSUS TRACT OR TRACTS ARE LOCATED IN THE MUNICIPALITY, ARE CONTIGUOUS TO THE ENTERPRISE ZONE AND MEET THE REDUCED CRITERIA FOR CONTIGUOUS CENSUS TRACTS IN SUBSECTION (a) OF THIS SECTION AND (2) ANY MUNICIPALITY WHICH IS CONTIGUOUS TO AN ENTERPRISE ZONE WHICH IS LOCATED IN ANOTHER MUNICIPALITY MAY, WITH THE APPROVAL OF THE COMMISSIONER, DESIGNATE AS AN ENTERPRISE ZONE ONE OR TWO CENSUS TRACTS OR CONTIGUOUS PORTIONS OF SUCH CENSUS TRACT OR TRACTS, WHICH ARE LOCATED IN THE MUNICIPALITY MAKING SUCH DESIGNATION, PROVIDED SUCH CENSUS TRACT OR TRACTS MEET THE REDUCED CRITERIA FOR CONTIGUOUS CENSUS TRACTS IN SUBSECTION (a) OF THIS SECTION AND ARE CONTIGUOUS TO THE ENTERPRISE ZONE LOCATED IN THE OTHER MUNICIPALITY. WHEN APPROVING SUCH AN EXPANDED OR NEW ZONE UNDER THIS SUBSECTION, THE COMMISSIONER SHALL CONSIDER THE DEVELOPMENT RATIONALE, PROPOSED LOCAL EFFORT AND JOB CREATION POTENTIAL OF SUCH EXPANDED OR NEW ZONE AS DEMONSTRATED BY THE MUNICIPALITY.

[(b)] (c) The commissioner of economic development shall approve the designation of [six] TEN areas as enterprise zones, not more than [three] FOUR of which shall be in municipalities with a population greater than eighty thousand and not more than [three] SIX of which shall be in municipalities with a population of less than eighty thousand, [and] PROVIDED THE COMMISSIONER SHALL NOT APPROVE THE DESIGNATION OF MORE THAN ONE ENTERPRISE ZONE IN ANY MUNICIPALITY. THE COMMISSIONER shall adopt regulations in accordance with chapter 54 concerning such additional qualifications for an area to become an enterprise zone as he deems necessary. The commissioner may

remove the designation of any area he has approved as an enterprise zone if such area no longer meets the criteria for designation as such an area set forth in this section or in regulations adopted pursuant to this section, provided no such designation shall be removed less than ten years from the original date of approval of such zone. The commissioner may designate any additional area as an enterprise zone if that area is designated as an enterprise zone pursuant to any federal legislation.

(d) EACH MUNICIPALITY SEEKING THE APPROVAL OF THE COMMISSIONER OF ECONOMIC DEVELOPMENT FOR THE DESIGNATION OF AN AREA OF THE MUNICIPALITY AS AN ENTERPRISE ZONE SHALL FILE WITH THE COMMISSIONER A PRELIMINARY APPLICATION. NOT LATER THAN SIXTY DAYS AFTER RECEIPT OF SUCH A PRELIMINARY APPLICATION, THE COMMISSIONER SHALL INDICATE TO THE MUNICIPALITY, IN WRITING, ANY RECOMMENDATIONS FOR IMPROVING THE MUNICIPALITY'S APPLICATION. NOT LATER THAN SIXTY DAYS AFTER RECEIPT OF THE COMMISSIONER'S WRITTEN RESPONSE, THE MUNICIPALITY SHALL FILE A FINAL APPLICATION WITH THE COMMISSIONER.

(e) THE DEPARTMENT OF ECONOMIC DEVELOPMENT SHALL COMPILE INFORMATION ON ACTIVITIES AND PROGRAMS WHICH ARE CONDUCTED IN ENTERPRISE ZONES APPROVED BY THE COMMISSIONER BEFORE AND AFTER THE EFFECTIVE DATE OF THIS ACT AND SHALL SERVE AS A RESOURCE CENTER FOR THE DISSEMINATION OF SUCH INFORMATION UPON REQUEST.

Sec. 2. Section 32-9p of the general statutes, as amended by section 1 of public act 85-578, is repealed and the following is substituted in lieu thereof:

As used in subsections (59) and (60) of section 12-81 and sections 12-217e, 32-9p to 32-9s, inclusive, 32-23n and 32-23p, the following words and terms have the following meanings:

(a) "Area of high unemployment" means, as of the date of any final and official determination by the authority or the department to extend assistance under said sections, any municipality which is a distressed municipality as defined in subsection (b) of this section, and any other municipality in the state which in the calendar year preceding such determination had a rate of unemployment which exceeded one hundred ten per cent of the average rate of unemployment in the state for the same calendar year, as determined by the labor department, provided no such other

municipality with an unemployment rate of less than six per cent shall be an area of high unemployment.

(b) "Distressed municipality" means, as of the date of the issuance of an eligibility certificate, any municipality in the state which, according to the United States Department of Housing and Urban Development meets the necessary number of quantitative physical and economic distress thresholds which are then applicable for eligibility for the urban development action grant program under the Housing and Community Development Act of 1977, as amended, or any town within which is located an unconsolidated city or borough which meets such distress thresholds. Any municipality which, at any time subsequent to July 1, 1978, has met such thresholds but which at any time thereafter fails to meet such thresholds, according to said department, shall be deemed to be a distressed municipality for a period of five years subsequent to the date of the determination that such municipality fails to meet such thresholds, unless such municipality elects to terminate its designation as a "distressed municipality", by vote of its legislative body, not later than September 1, 1985, or not later than three months after receiving notification from the commissioner that it no longer meets such thresholds, whichever is later. In the event that the commissioner determines that amendatory federal legislation or administrative regulation has materially changed the distress thresholds thereby established, "distressed municipality" shall mean any municipality in the state which meets comparable thresholds of distress which are then applicable in the areas of high unemployment and poverty, aging housing stock and low or declining rates of growth in job creation, population and per capita income as established by the commissioner, consistent with the purposes of subsections (59) and (60) of section 12-81 and sections 12-217e, 32-9p to 32-9s, inclusive, 32-23n and 32-23p, in regulations adopted in accordance with chapter 54. For purposes of sections 32-9p to 32-9s, inclusive, "distressed municipality" shall also mean any municipality adversely impacted by a major plant closing, relocation or layoff, provided the eligibility of a municipality shall not exceed two years from the date of such closing, relocation or layoff. The commissioner of economic development shall adopt

regulations, in accordance with the provisions of chapter 54, which define what constitutes a "major plant closing, relocation or layoff" for purposes of sections 32-9p to 32-9s, inclusive. "DISTRESSED MUNICIPALITY" SHALL ALSO MEAN THE PORTION OF ANY MUNICIPALITY WHICH IS ELIGIBLE FOR DESIGNATION AS AN ENTERPRISE ZONE PURSUANT TO SUBDIVISION (2) OF SUBSECTION (b) OF SECTION 32-70, AS AMENDED BY SECTION 1 OF THIS ACT.

(c) "Eligibility certificate" means a certificate issued by the department pursuant to section 32-9r evidencing its determination that a facility for which an application for assistance has been submitted qualifies as a manufacturing facility and is eligible for assistance under section 12-217e and subsections (59) and (60) of section 12-81.

(d) "Manufacturing facility" means any plant, building, other real property improvement, or part thereof, (1) which (A) is constructed or substantially renovated or expanded on or after July 1, 1978, in a distressed municipality, or (B) is acquired on or after July 1, 1978, in a distressed municipality by a business organization which is unrelated to and unaffiliated with the seller, after having been idle for at least one year prior to its acquisition and regardless of its previous use; (2) which is to be used for the manufacturing, processing or assembling of raw materials, parts or manufactured products, for research and development facilities directly related to manufacturing, for the significant servicing, overhauling or rebuilding of machinery and equipment for industrial use, or, except as provided in this subsection, for the warehousing and distribution in bulk of manufactured products on other than a retail basis OR, IF LOCATED IN AN ENTERPRISE ZONE DESIGNATED PURSUANT TO SECTION 32-70, AS AMENDED BY SECTION 1 OF THIS ACT, WHICH IS TO BE USED IN THE CATEGORIES OF BANKING, INSURANCE, HOLDING OR OTHER INVESTMENT OFFICES, BUSINESS SERVICES OR MISCELLANEOUS BUSINESS SERVICES FROM THE STANDARD INDUSTRIAL CLASSIFICATIONS MANUAL, WHICH USES SHOW A STRONG PERFORMANCE IN EXPORTING GOODS AND SERVICES, AS DEFINED BY THE COMMISSIONER THROUGH REGULATIONS ADOPTED UNDER CHAPTER 54, AND WHICH RESULT IN TEN OR MORE NEW EMPLOYMENT POSITIONS; and (3) for which the department has issued an eligibility certificate. In the case of facilities which are acquired, the department may waive the requirement

of one year of idleness if it determines that, absent qualification as a manufacturing facility under subsections (59) and (60) of section 12-81 and sections 12-217e, 32-9p to 32-9s, inclusive, 32-23a and 32-23p, there is a high likelihood that the facility will remain idle for one year. IN THE CASE OF FACILITIES LOCATED IN AN ENTERPRISE ZONE DESIGNATED PURSUANT TO SECTION 32-70, AS AMENDED BY SECTION 1 OF THIS ACT, (i) THE IDLENESS REQUIREMENT IN SUBPARAGRAPH (B) OF SUBDIVISION (1), FOR BUSINESS ORGANIZATIONS WHICH OVER THE SIX MONTHS PRECEDING SUCH ACQUISITION HAVE HAD AN AVERAGE TOTAL EMPLOYMENT OF BETWEEN SIX AND NINETEEN EMPLOYEES, INCLUSIVE, SHALL BE REDUCED TO A MINIMUM OF SIX MONTHS, AND (ii) THE IDLENESS REQUIREMENT SHALL NOT APPLY TO BUSINESS ORGANIZATIONS WITH AN AVERAGE TOTAL EMPLOYMENT OF FIVE OR FEWER EMPLOYEES, PROVIDED NO MORE THAN ONE ELIGIBILITY CERTIFICATE SHALL BE ISSUED UNDER THIS SUBPARAGRAPH (ii) FOR THE SAME FACILITY WITHIN A THREE-YEAR PERIOD. Of those facilities which are for the warehousing and distribution of manufactured products or other than a retail basis, only those which are newly constructed or which represent an expansion of an existing facility qualify as manufacturing facilities. In the event that only a portion of a plant is acquired, constructed, renovated or expanded, only the portion acquired, constructed, renovated or expanded constitutes the manufacturing facility. A manufacturing facility which is leased may for the purposes of subsections (59) and (60) of section 12-81 and sections 12-217e, 32-9p to 32-9s, inclusive, 32-23a and 32-23p, be treated in the same manner as a facility which is acquired if the [terms] PROVISIONS of the lease [demonstrate a substantial, long-term commitment by the occupant to use the manufacturing facility for manufacturing purposes and] serve to further the purposes of subsections (59) and (60) of section 12-81 and sections 12-217e, 32-9p to 32-9s, inclusive, 32-23a and 32-23p AND DEMONSTRATE A SUBSTANTIAL, LONG-TERM COMMITMENT BY THE OCCUPANT TO USE THE MANUFACTURING FACILITY, INCLUDING A CONTRACT FOR LEASE FOR FIVE OR MORE YEARS AND RENEWABLE FOR FIVE OR MORE ADDITIONAL YEARS AT THE REQUEST OF THE LESSEE. FOR A FACILITY LOCATED IN AN ENTERPRISE ZONE DESIGNATED PURSUANT TO SECTION 32-70, AS AMENDED BY SECTION 1 OF THIS ACT, AND OCCUPIED BY A BUSINESS ORGANIZATION WITH AN AVERAGE TOTAL EMPLOYMENT OF TEN OR FEWER EMPLOYEES

OVER THE SIX-MONTH PERIOD PRECEDING ACQUISITION, SUCH CONTRACT FOR LEASE MAY BE FOR THREE OR MORE YEARS AND RENEWABLE FOR THREE OR MORE ADDITIONAL YEARS AT THE REQUEST OF THE LESSEE AND MAY INCLUDE THE RIGHT FOR THE LESSEE TO RELOCATE TO OTHER SPACE WITHIN THE SAME ENTERPRISE ZONE, PROVIDED SUCH SPACE IS UNDER THE SAME OWNERSHIP OR CONTROL AS THE ORIGINALLY LEASED SPACE OR IF SUCH SPACE IS NOT UNDER SUCH SAME OWNERSHIP OR CONTROL AS THE ORIGINALLY LEASED SPACE, PERMISSION TO RELOCATE IS GRANTED BY THE LESSOR OF SUCH ORIGINALLY LEASED SPACE, AND SUCH RELOCATION SHALL NOT EXTEND THE DURATION OF BENEFITS GRANTED UNDER THE ORIGINAL ELIGIBILITY CERTIFICATE. Except as provided in subparagraph (B) above, a manufacturing facility does not include any plant, building, other real property improvement, or part thereof used or usable for such purposes which existed before July 1, 1978, or any facility which is to be used for business and will employ personnel or have employment positions which are transferred from one or more existing locations elsewhere in the distressed municipality and which does not represent a net expansion of business operations and employment in such municipality.

(e) "Authority", "capital reserve fund board", "commissioner", "department", "industrial project", and "insurance fund" shall have the meaning such words and terms are given in section 32-23d.

(f) "Municipality" means any town, city or borough in the state.

Sec. 3. Section 32-9s of the general statutes, as amended by section 9 of public act 85-371, is repealed and the following is substituted in lieu thereof:

The state shall make an annual grant payment to each municipality, to each district, as defined in section 7-325, which is located in a distressed municipality and to each special services district created pursuant to chapter 105a which is located in a distressed municipality in the amount of seventy-five per cent of the amount of that tax revenue which the municipality or district would have received except for the provisions of subsections (59) and (60) of section 12-81, PROVIDED IN THE CASE OF A CERTIFIED MANUFACTURING FACILITY LOCATED IN AN ENTERPRISE ZONE DESIGNATED PURSUANT TO SECTION 32-70, AS AMENDED BY SECTION 1 OF THIS ACT, AND USED IN THE CATEGORIES OF BANKING, INSURANCE, HOLDING OR OTHER INVESTMENT

OFFICES, BUSINESS SERVICES OR MISCELLANEOUS BUSINESS SERVICES FROM THE STANDARD INDUSTRIAL CLASSIFICATIONS MANUAL, WHICH USES SHOW A STRONG PERFORMANCE IN EXPORTING GOODS AND SERVICES, AS DEFINED BY THE COMMISSIONER THROUGH REGULATIONS ADOPTED IN ACCORDANCE WITH THE PROVISIONS OF CHAPTER 54 AND WHICH RESULT IN TEN OR MORE NEW EMPLOYMENT POSITIONS, SUCH STATE GRANT SHALL BE IN THE AMOUNT OF FIFTY PER CENT OF THE AMOUNT OF TAX REVENUE WHICH THE MUNICIPALITY OR DISTRICT WOULD HAVE RECEIVED FROM SUCH FACILITY EXCEPT FOR THE PROVISIONS OF SUBSECTIONS (59) AND (60) OF SECTION 12-81. On or before the first day of August of each year, each municipality and district shall file a claim with the secretary of the office of policy and management for the amount of such grant payment to which such municipality or district is entitled under this section. The claim shall be made on forms prescribed by the secretary of the office of policy and management and shall be accompanied by such supporting information as the secretary of the office of policy and management may require. The secretary of the office of policy and management shall notify each municipality or district which has made such a claim of his acceptance or modification of the claim not later than the August first next succeeding the deadline for the receipt of such claims. Any municipality or district aggrieved by the action of the secretary of the office of policy and management under the provisions of this section may appeal, within one month of receipt of any notice made pursuant to this section, to the superior court for the judicial district in which such municipality or district is located. The secretary of the office of policy and management shall, on or before the December first next succeeding the deadline for the receipt of such claims, certify to the comptroller the amount due under this section, including any modification of such claim made prior to December first, to each municipality or district which has made a claim under the provisions of this section. The comptroller shall draw his order on the treasurer on or before the following December fifteenth, and the treasurer shall pay the amount thereof to each such municipality or district on or before the following December thirty-first. If any modification is made as the result of the provisions of this section on or after the December first following the date on which the

municipality or district has provided the amount of tax revenue in question, any adjustment to the amount due to any municipality or district for the period for which such modification was made shall be made in the next payment the treasurer shall make to such municipality or district pursuant to this section.

Sec. 4. Section 32-9j of the general statutes is repealed and the following is substituted in lieu thereof:

For the purposes of sections 32-9i to 32-9s, inclusive, the following terms shall have the following meanings unless the context indicates another meaning and intent:

(a) "Eligible municipality" means any municipality in the state which is a distressed municipality as defined in subsection (b) of section 32-9p, and any other municipality in the state which has a population of not less than ten thousand and which has a rate of unemployment which exceeds one hundred ten per cent of the state's average rate of unemployment, as determined by the labor department, for the calendar year preceding the determination of eligibility, provided no such other municipality with an unemployment rate of less than six per cent shall be eligible. Eligible municipalities shall be designated by the department of economic development.

(b) "Eligible business facility" means a business facility located in an eligible municipality and for which a certificate of eligibility has been issued by the commissioner. A business facility for which such a certificate is issued shall be deemed an eligible business facility only during the twenty-four month period following the day on which the certificate of eligibility is issued. A business facility may not become an eligible business facility for the purposes of sections 32-9i to 32-9s, inclusive, unless it meets each of the following requirements: (1) It is a facility which does not primarily serve said eligible municipality in which it is located. A facility shall be deemed to meet this requirement if it is used primarily for the manufacturing, processing or assembling of raw materials or manufactured products, or for research or industrial warehousing, or any combination thereof OR, IF LOCATED IN AN ENTERPRISE ZONE DESIGNATED PURSUANT TO SECTION 32-70, AS AMENDED BY SECTION 1 OF THIS ACT, WHICH IS

TO BE USED IN THE CATEGORIES OF BANKING, INSURANCE, HOLDING OR OTHER INVESTMENT OFFICES, BUSINESS SERVICES OR MISCELLANEOUS BUSINESS SERVICES FROM THE STANDARD INDUSTRIAL CLASSIFICATIONS MANUAL, WHICH USES SHOW A STRONG PERFORMANCE IN EXPORTING GOODS AND SERVICES, AS DEFINED BY THE COMMISSIONER THROUGH REGULATIONS ADOPTED IN ACCORDANCE WITH THE PROVISIONS OF CHAPTER 54. A facility shall not be deemed to meet this requirement if (A) it is used primarily in making retail sales of goods or services to customers who personally visit such facility to obtain such goods or services, or (B) it is used primarily as a hotel, apartment house or other place of business which furnishes dwelling space or accommodations to either residents or transients; (2) it is a facility which is newly constructed or has undergone major expansion or renovation as determined by the commissioner of economic development, and (3) it is a facility which creates in the eligible municipality in which it is located, as a direct result of such construction, expansion or renovation, not less than five new employment positions, OR IN THE CASE OF A FACILITY USED PRIMARILY FOR THE MANUFACTURING, PROCESSING OR ASSEMBLING OF RAW MATERIALS OR MANUFACTURED PRODUCTS, OR FOR RESEARCH OR INDUSTRIAL WAREHOUSING, OR ANY COMBINATION THEREOF, AND LOCATED IN AN ENTERPRISE ZONE DESIGNATED PURSUANT TO SECTION 32-70, AS AMENDED BY SECTION 1 OF THIS ACT, NOT LESS THAN THREE NEW EMPLOYMENT POSITIONS IN THE ENTERPRISE ZONE, AND IN THE CASE OF A FACILITY WHICH IS TO BE USED IN THE CATEGORIES OF BANKING, INSURANCE, HOLDING OR OTHER INVESTMENT OFFICES, BUSINESS SERVICES OR MISCELLANEOUS BUSINESS SERVICES FROM THE STANDARD INDUSTRIAL CLASSIFICATIONS MANUAL, WHICH USES SHOW A STRONG PERFORMANCE IN EXPORTING GOODS AND SERVICES, AS DEFINED BY THE COMMISSIONER THROUGH REGULATIONS ADOPTED IN ACCORDANCE WITH THE PROVISIONS OF CHAPTER 54, AND LOCATED IN SUCH AN ENTERPRISE ZONE, NOT LESS THAN TEN NEW EMPLOYMENT POSITIONS IN THE ENTERPRISE ZONE, as determined in accordance with regulations prescribed by the commissioner.

(c) "Commissioner" means the commissioner of economic development.

(d) "Department" means the department of economic development.

(e) "Eligibility period" means the twenty-four month period following the day on which the certificate of eligibility is issued.

(f) "Full-time employee" means an employee who works a minimum of thirty-five hours per week.

Sec. 5. Subsection (a) of section 32-91 of the general statutes is repealed and the following is substituted in lieu thereof:

(a) An eligible business facility shall be granted an amount determined by multiplying five hundred dollars or, in the case of any facility USED PRIMARILY FOR THE MANUFACTURING, PROCESSING OR ASSEMBLING OF RAW MATERIALS OR MANUFACTURED PRODUCTS, OR FOR RESEARCH OR INDUSTRIAL WAREHOUSING, OR ANY COMBINATION THEREOF, AND located in an enterprise zone designated pursuant to section 32-70, AS AMENDED BY SECTION 1 OF THIS ACT, for which not less than thirty per cent of the full-time employment positions created by the facility are held by (1) residents of such zone, or (2) residents of such municipality who, at the time of employment, were eligible for training under the Federal Comprehensive Employment Training Act or any other training program that replaces the Comprehensive Employment Training Act, one thousand FIVE HUNDRED dollars, by the increase in the number of full-time employment positions, the costs of which are paid by the eligible business, directly resulting from the construction, renovation or expansion of the business facility, as determined by the department taking into account the employment requirements of business expansion, historical levels of employment and employment positions prior to the expansion, and such other factors as the department may deem appropriate.

Sec. 6. The commissioners of the departments of economic development, labor, education, income maintenance, housing and revenue services and the secretary of the office of policy and management, or their designees, shall jointly review and study all state programs which are significantly related to the activities and resources of the enterprise zone program established under chapter 585 of the general statutes, as amended. On or before March 1, 1987, said commissioners and secretary shall submit a report to the governor and the general assembly, which shall include, but not be limited to, findings and recommendations concerning: (1) The coordination of housing and neighborhood assistance programs and job training partnership

resources with enterprise zone activities and (2) the utilization of the department of income maintenance grant diversion program to provide enterprise zone residents who are unemployed or are general assistance recipients with pre-employment, work readiness training, continued medical and work-related benefits and supervised, subsidized employment in the private sector.

Sec. 7. Section 32-1c of the general statutes is repealed and the following is substituted in lieu thereof:

(a) In addition to any other powers, duties and responsibilities provided for in this chapter, chapter 131, chapter 579 and section 4-8, subsection (a) of section 10-321 and subdivision (9) of subsection (a) of section 36-322, the commissioner shall have the following powers, duties and responsibilities: (1) To administer and direct the operations of the department of economic development; (2) to report annually to the governor, as provided in section 4-60; (3) to conduct and administer the research and planning functions necessary to carry out the purposes of said chapters and sections; (4) to encourage and promote the development of industry and business in the state and to investigate, study and undertake ways and means of promoting and encouraging the prosperous development and protection of the legitimate interest and welfare of Connecticut business, industry and commerce, within and outside the state; (5) to serve, ex officio as a director on the board of the Connecticut Products Development Corporation; (6) to serve as a member of the committee of Concern for Connecticut Jobs; (7) to promote and encourage the location and development of new business in the state as well as the maintenance and expansion of existing business and for that purpose to cooperate with state and local agencies and individuals both within and outside the state; (8) to plan and conduct a program of information and publicity designed to attract tourists, visitors and other interested persons from outside the state to this state and also to encourage and coordinate the efforts of other public and private organizations or groups of citizens to publicize the facilities and attractions of the state for the same purposes; (9) to advise and cooperate with municipalities, persons and local planning agencies within the state for the purpose of promoting coordination between the state and such

municipalities as to plans and development; (10) to provide all necessary staff, services, accounting and office space and equipment required by the Connecticut development authority subject to the provisions of section 4-26b, where real estate acquisitions are involved; (11) to aid minority businesses in their development; (12) to appoint such assistants, experts, technicians and clerical staff, subject to the provisions of chapter 67, as are necessary to carry out the purposes of said chapters and sections; (13) to employ other consultants and assistants on a contract or other basis for rendering financial, technical or other assistance and advice; (14) to acquire or lease facilities located outside the state subject to the provisions of section 4-26b; (15) to advise and inform municipal officials concerning economic development and collect and disseminate information pertaining thereto, including information about federal, state and private assistance programs and services pertaining thereto; (16) to inquire into the utilization of state government resources and coordinate federal and state activities for assistance in and solution of problems of economic development and to inform and advise the governor about and propose legislation concerning such problems; (17) to conduct, encourage and maintain research and studies relating to industrial and commercial development; (18) to prepare and review model ordinances and charters relating to these areas; (19) to maintain an inventory of data and information and act as a clearinghouse and referral agency for information on state and federal programs and services relative to the purpose set forth herein; (20) to conduct, encourage and maintain research and studies and advise municipal officials about forms of cooperation between public and private agencies designed to advance economic development; (21) to promote and assist the formation of municipal and other agencies appropriate to the purposes of this chapter; [and] (22) to require notice of the submission of all applications by municipalities and any agency thereof for federal and state financial assistance for economic development programs as relate to the purposes of this chapter; AND (23) WITH THE APPROVAL OF THE COMMISSIONER OF ADMINISTRATIVE SERVICES, TO REIMBURSE ANY EMPLOYEE OF THE DEPARTMENT, INCLUDING THE COMMISSIONER, FOR REASONABLE

BUSINESS EXPENSES, INCLUDING BUT NOT LIMITED TO, MILEAGE, TRAVEL, LODGING, AND ENTERTAINMENT OF BUSINESS PROSPECTS AND OTHER PERSONS TO THE EXTENT NECESSARY OR ADVISABLE TO CARRY OUT THE PURPOSES OF SUBDIVISIONS (4), (7), (8) AND (11) OF THIS SUBSECTION AND OTHER PROVISIONS OF CHAPTER 578.

(b) The commissioner of economic development may make available technical and financial assistance and advisory services to any appropriate agency, authority or commission for planning and other functions pertinent to economic development provided any financial assistance to a regional planning agency or a regional council of elected officials shall have the prior approval of the secretary of the office of policy and management, or his designee. Financial assistance shall be rendered upon such contractual arrangements as may be agreed upon by the commissioner and any such agency, authority or commission in accordance with their respective needs, and the commissioner may determine the qualifications of personnel or consultants to be engaged for such assistance.

(c) The commissioner of economic development is authorized to do all things necessary to apply for, qualify for and accept any federal funds made available or allotted under any federal act for planning or any other projects, programs or activities which may be established by federal law, for any of the purposes, or activities related thereto, of the department of economic development and said commissioner of economic development shall administer any such funds allotted to the department in accordance with federal law. The commissioner may enter into contracts with the federal government concerning the use and repayment of such funds under any such federal act, the prosecution of the work under any such contract and the establishment of any disbursement from a separate account in which federal and state funds estimated to be required for plan preparation or other eligible activities under such federal act shall be kept. Said account shall not be a part of the general fund of the state or any subdivision of the state.

(d) The powers and duties enumerated in this section shall be in addition to and shall not limit any other powers or duties of the commissioner of economic development contained in any other law.

Sec. 8. This act shall take effect July 1, 1986.

Certified as correct by

_____

Legislative Commissioner.

_____

Clerk of the Senate.

_____

Clerk of the House.

Approved _____, 1986

_____

Governor, State of Connecticut.